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Message Text

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53
ACTION TRSE-00

INFO OCT-01 AF-10 EUR-25 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 EB-11 FEAE-00 FPC-01

H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 FRB-03 EA-11

IO-14 NEA-14 OPIC-12 LAB-06 SIL-01 SWF-02 DRC-01 /227 W
---------- 109414
R 301136Z AUG 74
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 5765
INFO USMISSION OECD PARIS
USMISSION EC BRUSSELS

C O N F I D E N T I A L LAGOS 8152

E.O. 11652: GDS
TAGS: EFIN, EINV, NI
SUBJ: OIL PRODUCERS HOLDINGS OF FOREIGN ASSETS

REF: STATE A-6237

1. A) EMBASSY ESTIMATES OF FOREIGN EXCHANGE RECEIPTS FROM OIL PRODUCTION FOR FIRST SEVEN MONTHS 1974 AS FOLLOWS:

(IN $ MILLIONS)

	ROYALTY	TAX	BUY BACK	TOTAL
JAN.	115	457	47	619
FEB.	105	420	43	568
MAR.	116	463	47	626
APR.	112	445	141	698
MAY	121	481	152	747
JUNE	119	476	150	745
JULY	144	450	123	717
	832	3192	703	4720

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B) UNKNOWN BUT NOT LARGE PRIOR TO TIME OF INCREASED OIL

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REVENUES.

C) CURRENT ACCOUNT RECEIPTS FOR OTHER THAN OIL EXPORTS IN FIRST HALF 1974 (FROM PROVISIONAL TRADE FIGURES) WERE NAIRA 255.8 MILLION. (NAIRA 1 EQUALS $1.62).

D) INVESTMENT INFLOWS FOR LATEST PERIOD UNKNOWN.

2. EXPENDITURES FOR IMPORTS DURING FIRST SIX MONTHS OF 1974 WERE NAIRA 724.5 MILLION.

3. AID AND DIRECT CREDITS TO OTHER STATES, DEVELOPMENT BANKS ETC. REMAIN SMALL (SEE LAGOS 6216). BILATERAL GRANTS IN 1974 INCLUDE NAIRA 300,000 EACH FOR SOMALIA AND ETHIOPIA. FMG IN JULY RAISED ITS CAPITAL SUBSCRIPTION TO THE AFDB FROM 32 MILLION UNITS OF ACCOUNT TO 50 MILLION U.A. (U.A. 1 EQUALS $1.2). FMG PLANS TO PURCHASE MORE IBRD BONDS, WILL LIKELY PARTICIPATE IN AN OPEC FUND TO AID NATIONS HARDEST HIT BY OIL PRICE INCREASES AND HAS APPARENTLY AGREED IN PRINCIPLE TO CONTRIBUTE TO IMF OIL RECYCLING FACILITY (TO THE EXTENT OF $200 MILLION ACCORDING TO RUMOR).

4. ACCORDING RELIABLE CENTRAL BANK SOURCE, FMG EXTERNAL RESERVES ON AUG. 21 TOTALED NAIRA 1.847 BILLION (UP FROM NAIRA 378.0 MILLION IN DECEMBER.) ACCORDING TO SOURCE THIS AMOUNT DIVIDED INTO UK TREASURY BILLS (57.8 PERCENT) AND U.S. TREASURY BILLS (40.6 PERCENT) WITH NEGLIGBLE AMOUNTS IN D-MARKS, FRANCS AND GOLD.

5. IN THIS AS IN MOST AREAS, THE FMG CONTINUES TO BE THE ESSENCE OF CAUTION. CENTRAL BANK RELUCTANT DISCUSS FUTURE POSSIBILITIES AND THUS THERE IS NO WAY OF TELLING WHEN, OR EVEN IF, FMG MAY OPT FOR GREATER RETURN BY PLACING SOME OF ITS FOREIGN EXCHANGE ASSETS IN INSTRUMENTS WITH MORE LUCRATIVE RETURN. CENTRAL BANK GOVERNOR ISONG TOLD LOCAL AMERICAN BANKER PURCHASES OF U.S. TREASURY BILLS WAS HANDLED THROUGH FED, SO VERIFICATION SHOULD BE POSSIBLE. EMBASSY WILL CONTINUE DISCREET INQUIRIES FROM TIME TO TIME ON FMG FOREIGN ASSET HOLDINGS BUT WE NOT SANGUINE NIGERIANS SEE IT IN THEIR BEST INTEREST TO DIVULGE FULL DETAILS TO USG.
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